

Estimating next year's refund (or balance due) is a smart choice that can help you reach your goals. Here are some ideas to help you make **smart choices** about...

# TAX PLANNING

The image shows a sample of a 2009 U.S. Individual Income Tax Return (Form 1040). The form is partially filled out, showing sections for Filing Status, Exemptions, and Income. The Filing Status section includes options for Single, Married filing jointly, Head of household, and Qualifying widow(er). The Exemptions section includes options for Yourself, Spouse, and Dependents. The Income section includes lines for Wages, salaries, tips, etc.; Tax-exempt interest; Ordinary dividends; Qualified dividends; Taxable refunds, credits, or offsets of state and local income taxes; Alimony received; Business income or (loss); Capital gain or (loss); Other gains or (losses); IRA distributions; Pensions and annuities; Rental real estate, royalties, partnerships, S corporations, trusts, etc.; Farm income or (loss); Unemployment compensation; Social security benefits; Other income; and Adjusted. The form also includes a section for Dependents and a section for Exemptions.

## Estimating next year's refund can help you:

- Make sure you *won't have to pay* when you file your taxes.
- *Be ready* for your refund to go up or down.
- See if you can *increase your take-home pay this year*.

## You can start by checking your withholding.

- One quick way: go to [www.irs.gov](http://www.irs.gov).
- Use the “IRS Withholding Calculator”
- Follow the instructions to find out:
  - An estimate of your refund.
  - How to change your withholding.

Use last year's tax return as a guide.  
Are changes coming *this year* that could make your refund go...

### Down?

- A child reaching age 19 (24 if a full-time student) can stop the Earned Income Credit.
- A child reaching age 17 stops the \$1,000 Child Tax Credit.
- New income with no taxes taken out such as unemployment insurance or lottery winnings can cause taxes to go up.

### Up?

- A new child coming into your household can increase your Earned Income Credit.
- A new child under age 17 can qualify for the \$1,000 Child Tax Credit.
- Credits for college costs, retirement savings, or childcare expense can lower tax.

## When you see what's coming, you have more choices!

**CAUTION:** There are many “moving parts” to a tax return. No estimate is perfect, so be conservative! Estimate your refund on the “low side.” That way, whatever happens is likely to be better than you expected!

Ask at this **free tax site** about other resources to help you make **smart choices** about tax planning, or contact:

[www.irs.gov](http://www.irs.gov)

[www.thebeehive.org](http://www.thebeehive.org)

All **Smart Choices** tips can be found at [www.Mass211.org](http://www.Mass211.org)

All figures are based on 2009 tables, and are subject to change.

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